

Southam Press
Limited
Annual Report
1972



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Southam Press Limited was incorporated under the Companies Act of Canada by Letters Patent dated December 7, 1927, and commenced business on January 1, 1928. Since May 1945 the shares of the company have been listed on the Montreal, Toronto and Vancouver stock exchanges. Stock Transfer Agent, The Royal Trust Company; Stock Registrar, The Bankers' Trust Company.

The year's results at a glance

Consolidated, with comparative figures for 1971
(Thousands of dollars)

		1972	1971
Income	Gross revenues	\$160,600	\$126,708
	Gross expenses (excluding depreciation)	132,177	105,832
	Depreciation	3,864	2,822
	Income Taxes	10,579	7,933
	Income before capital profit (loss)	13,980	10,121
	per common share	\$1.12	\$.82
	Capital profit (loss)	(124)	593
	Net income	13,856	10,714
	Dividends paid	6,556	4,653
	per common share	52¢	37½¢
Financial Position	Working capital	\$ 2,980	\$ 3,939
	Investments	13,281	13,844
	Fixed assets (net)	37,468	33,937
	Other assets	467	304
	Long term debt	12,594	18,212
	Deferred income taxes	2,444	1,655
	Shareholders' equity	39,158	32,157
Statistics	Advertising lineage — newspapers (1,000s)	250,103	197,861
	Advertising pages — magazines (1,000s)	21	18
	Daily newspaper circulation — December (1,000s)	900	878
	Total number of employees	6,391	6,136
	Total salaries, wages and employee benefits	\$ 65,531	\$ 52,660
	Price range per common share	\$31.50-17.75	\$18.59-13.50

Southam Press Limited
Annual Report 1972

Directors' report to the shareholders

Your directors have pleasure in submitting the 46th annual report of the company for the year ended December 31, 1972.

A year ago we reported our view of 1972 as being an optimistic one. In retrospect, the company's results for the year exceeded our expectations. Lifted by the strong growth of the Canadian economy, almost every aspect of our business prospered and overall results for the year were considerably better than any previously recorded.

The year might also be described as one of adjustment and consolidation as the substantial acquisitions of the previous year were integrated. Each of the properties acquired in 1971 contributed significantly to the year's improved results.

The general demand for daily newspapers, for newspaper advertising, for printed products and for our business publications, shows and services, remained buoyant throughout the year and this pace of business has continued into 1973.

Operating revenues in 1972 totalled \$158 million, an increase of 27.1 percent. Net income before extraordinary items, up 38.1 percent, was \$1.12 per share (82 cents per share in 1971). The quarterly dividend rate was increased to 15 cents per share in September, making a total of 52 cents for the year, up from 37½ cents in 1971.

As reported last year, a four-for-one split in the common shares, approved the previous December, became effective on January 7, 1972.

Investment Income

In addition to the earnings mentioned above, which include our share of the earnings of companies 50 percent owned, we report in Note 5 to the financial statements our share of the earnings of companies in which we have a significant though less than 50 percent ownership, to the extent these earnings exceeded the dividends received. There has been a steady growth in this unconsolidated income since it was first reported in 1969. This year, it was \$1,566,000 (equal to 12.5 cents per common share), an improvement of 63 percent over the amount reported last year.

Our equity in net tangible assets of these companies exceeds the value at which the investments are carried by \$5,676,000.

We do not control any of the companies concerned. Because some of their fiscal years vary from that of Southam Press this unconsolidated income includes results which fall outside calendar 1972.

Additions to Fixed Assets

Investment in new plant and equipment increased, \$7,387,000 being spent during the year. The larger items include progress payments of \$3,600,000 on the new plant for The Ottawa Citizen; a \$1,100,000 addition to the mechanical building of The Edmonton Journal and \$1,500,000 for new offset presses in Mont-

real for Gazette Canadian and Southam Business Forms plants.

A further substantial capital expenditure is planned for 1973 in a continuing program to maintain or improve our competitive position.

Working Capital

In addition to the amount spent on fixed assets we made a significant reduction of \$5,600,000 in long term debt which stood at \$18,200,000 in 1971. This reduction was financed from income, by the redemption by Pacific Press of \$1,500,000 of its debentures held by Southam and by a reduction in working capital of \$960,000.

Year-end working capital stood at \$2,980,000 which we believe to be adequate for our requirements.

Acquisitions and Investments

No major properties were acquired during the year but the directors report with satisfaction that those acquired in 1971 have been assimilated without significant problems and have generally performed better than forecast at time of purchase.

Since the year-end Southam Business Publications Limited has acquired Les Publications Eclair Ltée. for \$2,700,000. It owns TV Hebdo, the major French language television magazine published in Quebec which has a weekly circulation of more than 200,000 copies.

Community and Employee Relations

The company maintained its support of many charitable, educational and cultural activities in communities across Canada. Support was given through newspaper publicity and printing, as well as by cash contributions of \$479,000. Of this amount, \$55,000 went to the University of Toronto for the Southam Fellowships in Journalism. This is the tenth year of this program and we are encouraged to feel that it is contributing to the long range objective of improving the quality of Canadian journalism.

The devotion and co-operation of all employees is acknowledged with appreciation. None of the company's achievements in 1972 would have been possible without the contribution of its greatest and most important asset — the Southam people.

Relations with virtually all employees have continued on a satisfactory basis. While wage settlements have been high, there has been an overall willingness to understand the need for the introduction of new technology and methods.

The company has continued its policy of retraining employees affected by technological change. This has helped to avoid the hardships to employees which might otherwise result.

Southam Press and its subsidiaries had at the year end a total of 6,391 employees, an increase of 255 for the year. The com-

pany's contribution to employee benefits was \$4,326,000 (1971, \$3,222,000). The increase of \$1,100,000 was due partly to the addition of employees of companies acquired late in 1971 and partly to the company's additional contributions to expanded government benefit plans.

Daily Newspapers

Our newspapers ended the year in a satisfactory position. Circulation in December totalled 900,000 (1,015,000 including The Vancouver Province), an increase of 2.5 percent. Circulation revenue, including new properties for the full year, increased by 18.9 percent.

Newspaper advertising volume, reflecting strong consumer demand and including the properties acquired, increased by 26.4 percent. Advertising revenue was up 32.7 percent, a combination of larger volume and some rate increases.

Our newspapers are operated by independent teams of capable men and women. Editorial policies are established at the individual newspapers, each of which is responsive to local problems in the community served. There is no "Southam" editorial policy. There are no rigid rules for producing a Southam newspaper. Diversity and innovation are encouraged.

Expansion of the Southam News Services continued. New bureaux were opened in Tokyo (since relocated in Peking) and in Halifax. In Canada, the news service has offices in Ottawa, Montreal, Toronto, Vancouver and Halifax. Foreign correspondents are now stationed in London, Paris, Washington and Peking. In addition, Southam News Services staff travels extensively to the world's key news spots on special assignments.

The company continues to strive for steady improvement in its daily newspapers which remain the major segment of its business.

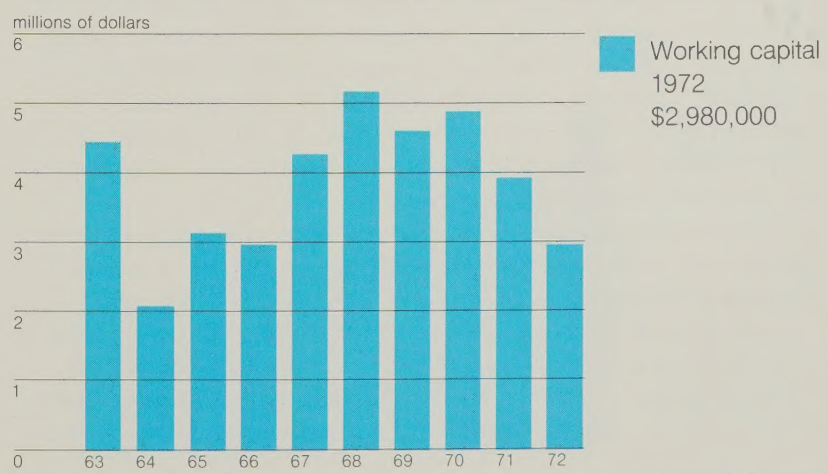
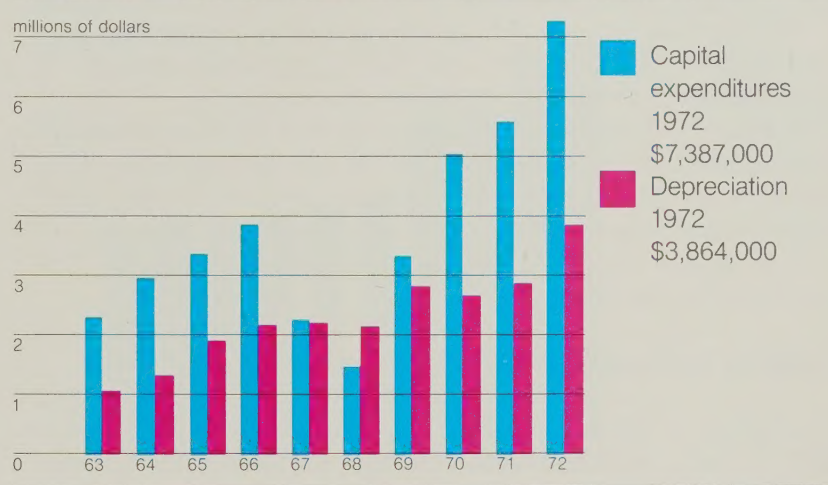
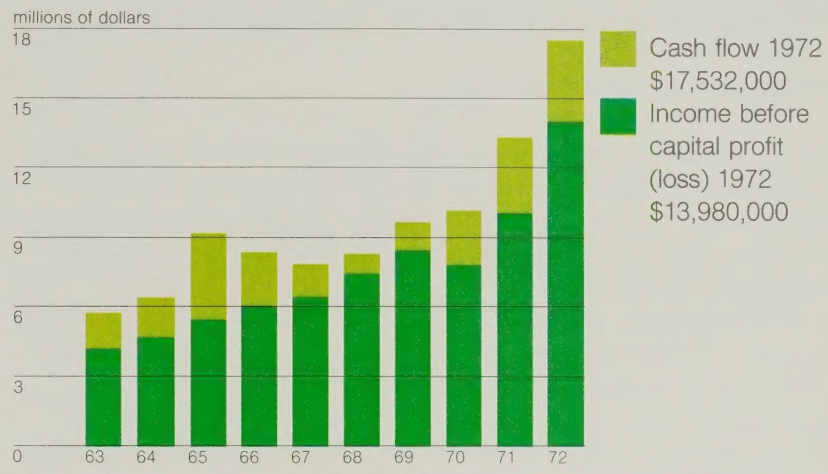
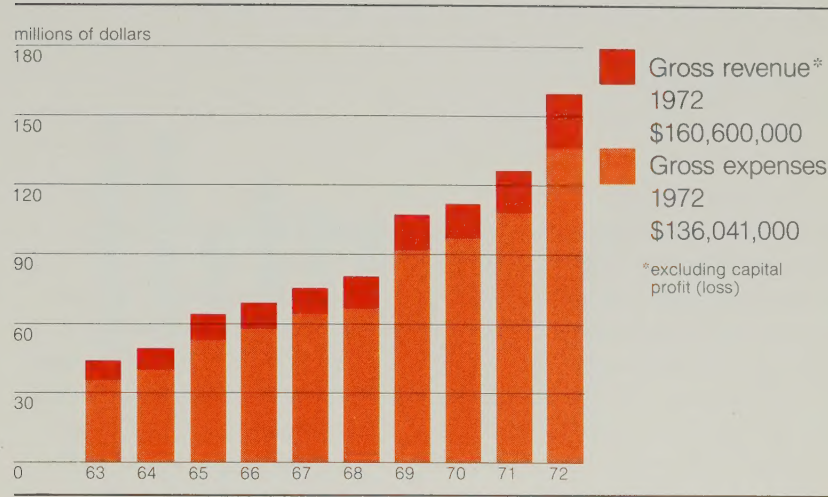
Pacific Press Limited — Vancouver

Pacific Press Limited (50 percent owned) had a satisfactory year. New labour contracts were settled in December after difficult negotiations during which publication was interrupted for three days. The new wage scales are among the highest on the continent in the newspaper industry and this creates great pressure for further capital investment to increase productivity.

The circulation of The Province and The Sun continued to grow and advertising volume in both newspapers showed a modest gain. The late 1972 decision of the British Columbia government to repeal the ban on tobacco and liquor advertising should prove helpful in 1973.

Newspaper Magazines

The Canadian, a weekly rotogravure magazine distributed as a supplement in Saturday papers, is published by Southstar Publishers Limited in which we are equal partners with Toronto Star Limited. It has made consistent progress in terms of advertising



volume and circulation since it was established in 1965 and is now contributing to the company's earnings.

Several years ago Southam Press Limited developed a TV program listing magazine called TV Times. It is distributed weekly in The Montreal Gazette, The Ottawa Citizen, The Windsor Star and The Winnipeg Tribune and has proved to be a useful addition to the newspaper package in these communities. Its use by other Southam dailies is being studied in the context both of the individual competitive situations and the variety of television fare, both broadcast and cable, offered in the various communities.

Southam Printing Limited

The profits of this subsidiary were affected significantly by an eight week strike of the Photoengravers Union at the Southam Murray plant in March. However, we were able to continue operations on a reduced basis. Results in the second half of the year were quite satisfactory.

An encouraging improvement was achieved by the four Montreal divisions. In November, Gazette Canadian Printing Limited was formed by a merger of the commercial printing division of the Montreal Gazette and Canadian Print & Litho Limited, both of which were wholly-owned subsidiaries. Business forms and specialty printing operations at Candiac showed continued progress.

In Vancouver, we have not yet achieved the expected rate of profitability from Southam Farwest Printing Limited which took over the assets of Southam Nicholson in January.

In May, A. Y. Eaton retired as a director of Southam Printing Limited after six years on the board. He was succeeded by K. A. Jones, a vice-president of The T. Eaton Company Limited. Mr. Eaton's contribution has been most valuable to the company.

F. N. Best, a vice-president, was appointed a director of Southam Printing in July, 1972.

Southam Business Publications Limited

As forecast in last year's annual report, the substantial expansion of this wholly-owned subsidiary through the acquisition of new properties and the development of new ventures led to significant growth in its earnings. Daily Commercial News, the major acquisition in 1971, has gone through a redesign and improvement in the product, following a reorganization of its management. The product changes have been well received by the construction industry which it serves and advertising volume is at levels higher than ever before achieved.

Business magazines and trade shows have also enjoyed record demand, with individual earnings reflecting a generally buoyant industrial economy.

A new venture for this subsidiary is Southam Videotel Limited, in which we hold a 75 percent interest. Arising from a research and development project of Southam Press Limited, it is active in the twin fields of providing services for all types of audio-visual

communications and in the distribution of programs on video cassettes. A strong position in this new and interesting medium of communications is being established.

Overall, the performance of Southam Business Publications Limited is expected to show further improvement in 1973.

A. H. Zimmerman, C.A., was appointed a director of Southam Business Publications in May, 1972.

Broadcasting

Because in our opinion we are unlikely to succeed, no further approach has been made to the Canadian Radio-Television Commission to concentrate our various interests in the electronic media in Selkirk Holdings Limited.

Dividend income from Selkirk was substantially higher and improved results were reported by all other broadcasting companies in which we have an interest.

Research and Development

The company continues to keep a close watch on the possible impact of new technology on existing communications media and to examine new media and possible investment opportunities in them. This work is pursued by a research and development committee of the board, which has met regularly during the year and has invested seed money in a number of areas. Some of the investments appear to be producing interesting information but we anticipate a fairly high mortality rate for these pioneering ventures. Overall, research and development losses have been quite low and in the normal course have been written off against income.

Senior Personnel

There have been a number of changes of senior personnel. F. S. Auger, vice-president and publisher of The Vancouver Province, reached retirement age in June. He joined the company in 1951 as publisher of The Winnipeg Tribune. In 1959 he became publisher of The Vancouver Province. To marketing expertise, he added the ability to assess and develop the potential of his subordinates. He has been succeeded as vice-president and publisher by Paddy Sherman, previously the editor of The Province.

In November, C. H. Peters, the president and publisher of The Montreal Gazette also reached retirement age. Mr. Peters joined The Gazette in 1929 and became president in 1956. After the acquisition of the paper by Southam Press in 1969, he continued as publisher. He made a major contribution to the smooth integration of The Gazette into the Southam group. He has been succeeded as publisher by Mark Farrell, formerly publisher of The Windsor Star. Mr. Farrell's position was filled by the appoint-

ment of J. P. O'Callaghan, executive assistant at head office and former executive editor of Southam News Services.

Head office staff has been strengthened by the appointment of W. J. Carradine as vice-president and L. J. Rothwell as vice-president, engineering and production. Mr. Carradine joined the company in November from The London Free Press, of which he had been vice-president and general manager. Mr. Rothwell came to us in June from Crabtree-Vickers (Canada) Limited, of which he had been president.

General Outlook

Consumers continue to be in a buoyant mood and economists generally have forecast another good year for Canada. To the extent that there may be clouds on the horizon, they relate to the uncertainties inherent in a minority federal government and the possibility of the Canadian economy being affected by international monetary problems. On balance we expect that Canada will enjoy a prosperous 1973 and that Southam Press will share in this general prosperity.

William J. Carradine

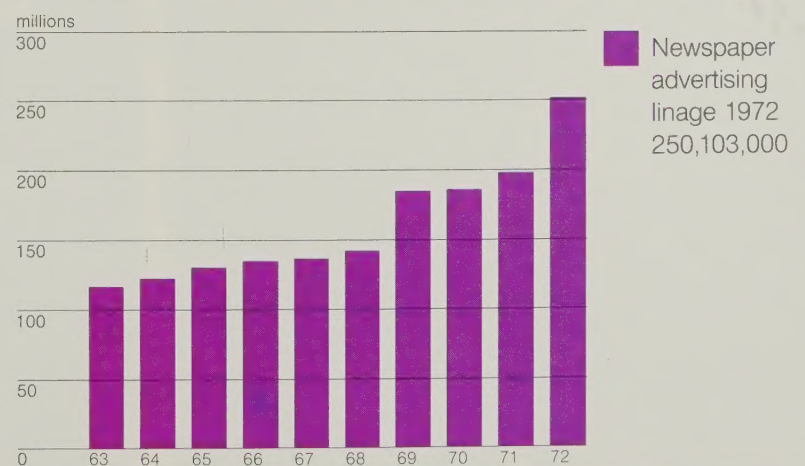
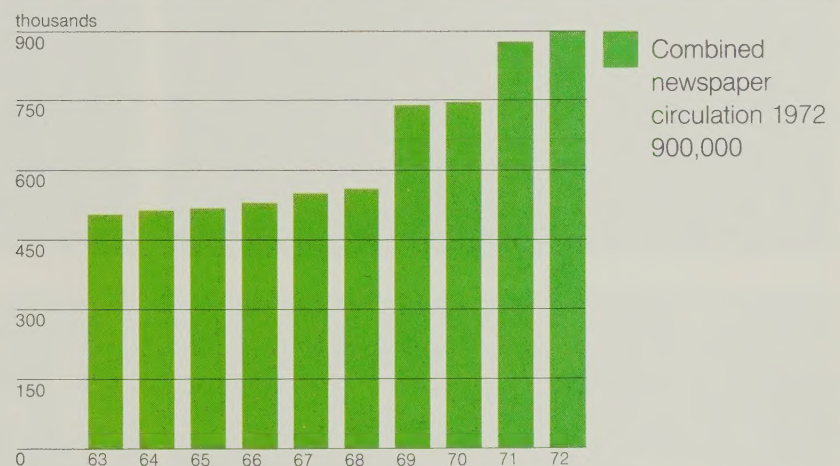
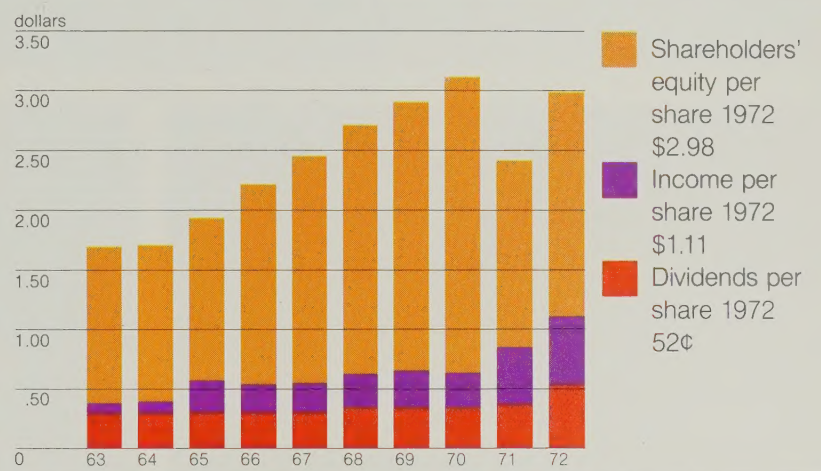
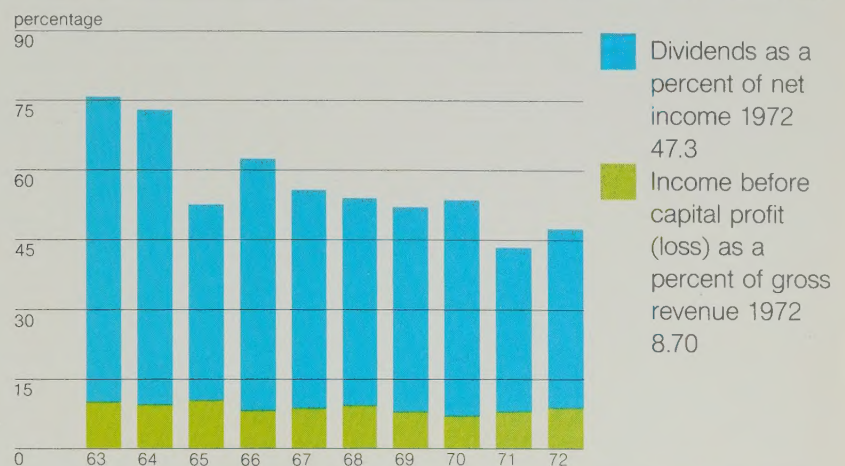
President

Retirement Fund Statement

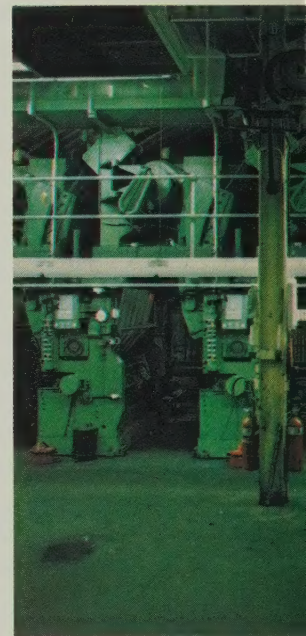
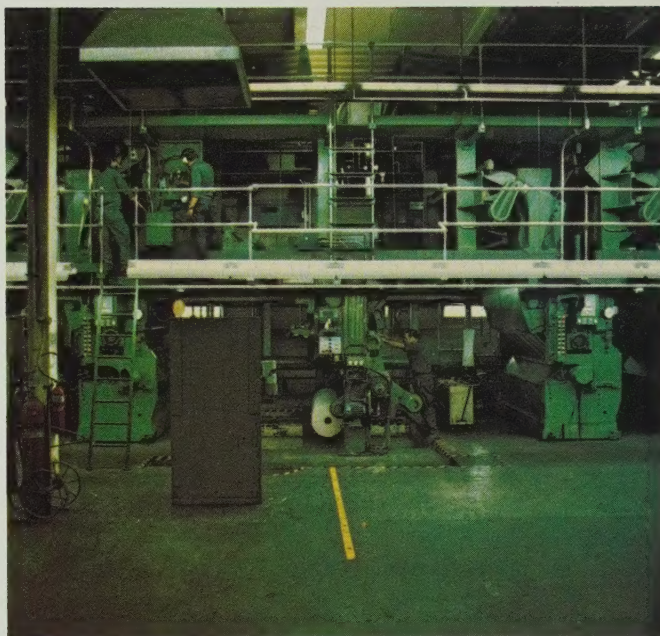
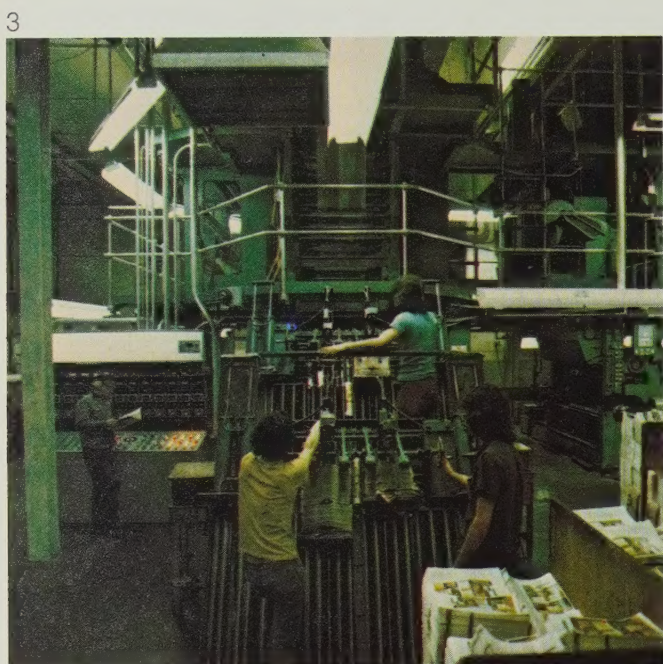
(not included in company accounts)
(Thousands of dollars)

	1972	1971
Balance January 1	\$29,382	\$25,833
Balance January 1, 1971 of funds of subsidiaries acquired during the year	—	1,296
	<u>29,382</u>	<u>27,129</u>
Contributions during the year:		
Employee required	1,119	977
Company	1,541	1,267
	<u>2,660</u>	<u>2,244</u>
Employee voluntary extra	100	74
	<u>2,760</u>	<u>2,318</u>
Net income of fund (Profit on sale of investments, \$907,000 (net) in 1972)	2,282	855
	<u>34,424</u>	<u>30,302</u>
Payments for pensions and refunds on death or termination	1,189	920
Balance December 31	<u>\$33,235</u>	<u>\$29,382</u>

Funds are administered by The Royal Trust Company, The Canada Trust Company, The National Trust Company, or invested in government and insurance company annuities.



The printing and publishing business in 1973 is very much at home in the space age. Electronics abound. In all of our plants, there are fascinating new machines. Despite their glamour they are there for a practical purpose — to let us get a better product to the customer, faster and more efficiently. New technology makes possible improved working conditions. Retraining of personnel in the new methods helps them to upgrade their skills. Everyone benefits — the customer, the employee, the company.



The huge 12-unit rotogravure press in the segmented photo 3 is operated from the control panel in photo 1. Each running hour, it is capable of printing and folding 22,000 catalogue sections of 96 pages each (a total of 2,112,000 pages).

Computers are very much a part of our business. The Company has 19 in various locations. Some of these are shown in photos 2, 4 and 5. They are used not only for accounting purposes but to assist in mechanical production processes, such as setting type.

Photo composition is a new method of setting type, using punched paper tape, see photo 6, which electronically delivers film on which the text is already reproduced. From this film, press plates are prepared photographically. This replaces the traditional molten metal process.

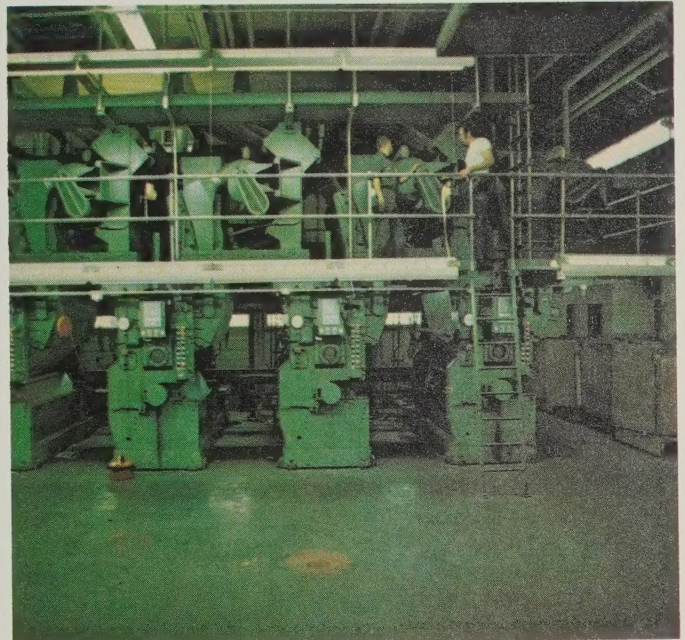
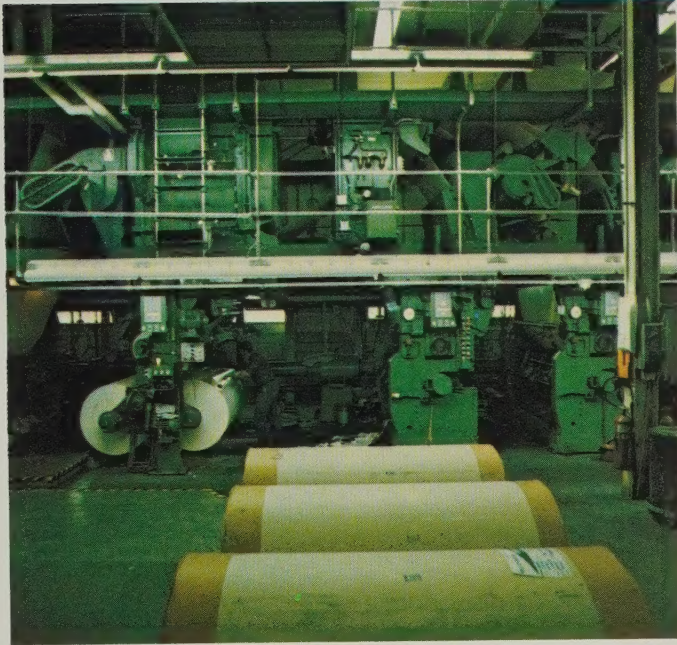
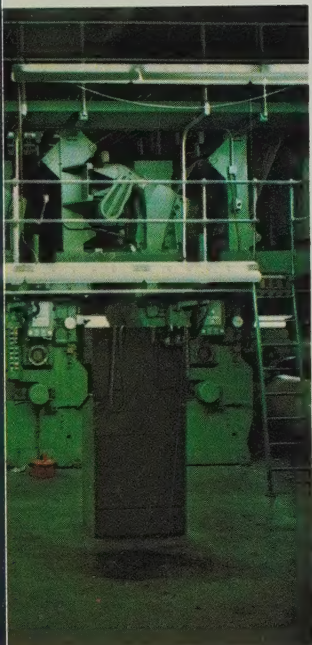
One of the more interesting and highly sophisticated pieces of new equipment is a cathode ray proofreading machine, photo 7. With this machine, text can be recalled, displayed on the t.v. type tube and corrections made while it is actually on the screen.



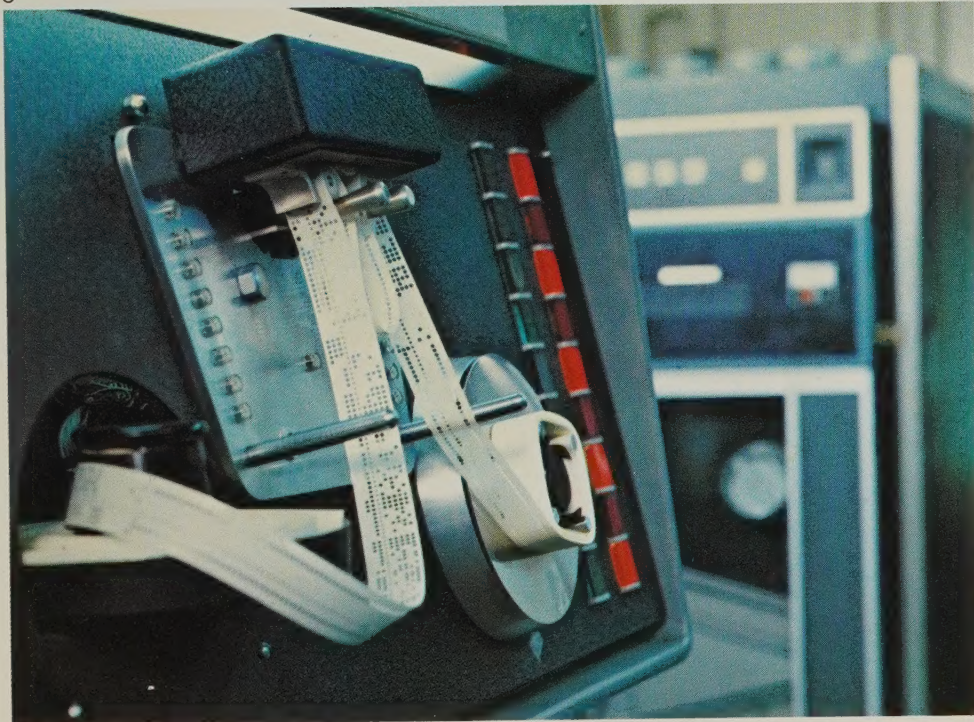
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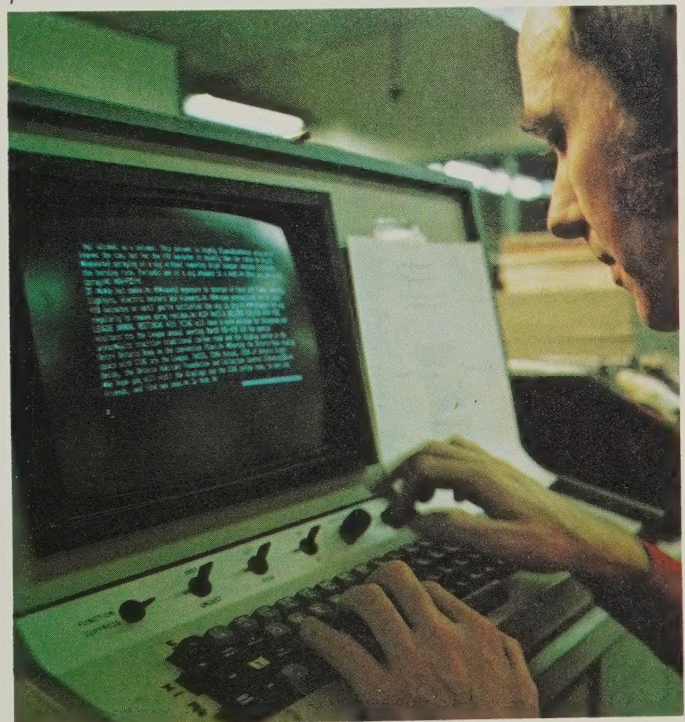
4



6



7



The ultra modern scanner in photo 1 scans full-color illustrations and automatically separates the component primary colors (red, blue and yellow) which are the building blocks of all color printing.

An operator, photo 2, is positioning film on the bed of a computerized multi-image offset platemaking machine.

The unusual photo 3 shows the exposure unit which transfers a photographic image from film to a sensitized plastic printing plate for use on one of our large high-speed business forms presses.

Photo 4 shows one of our engravers involved in the intricate process of examining a cylinder while it is being etched for gravure printing. The etching, by acid, produces wells in the surface of the cylinder in which ink is stored for transfer to the paper as it moves past the revolving cylinder.



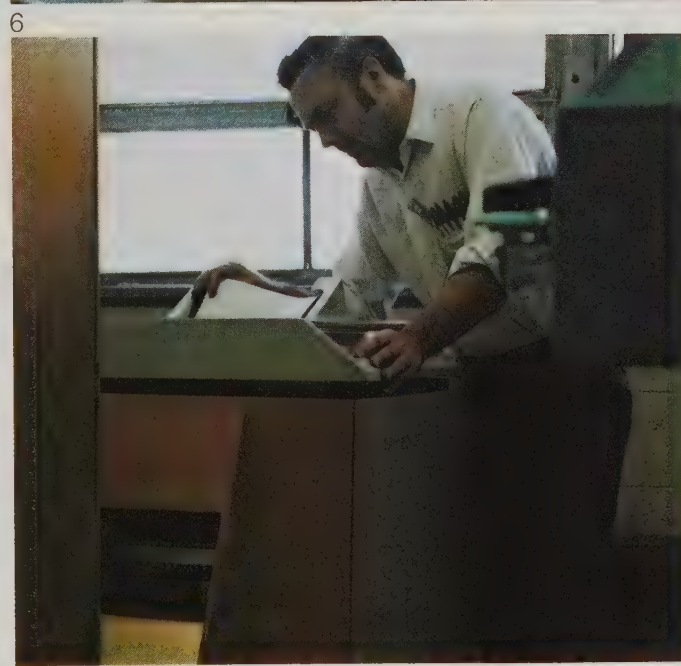
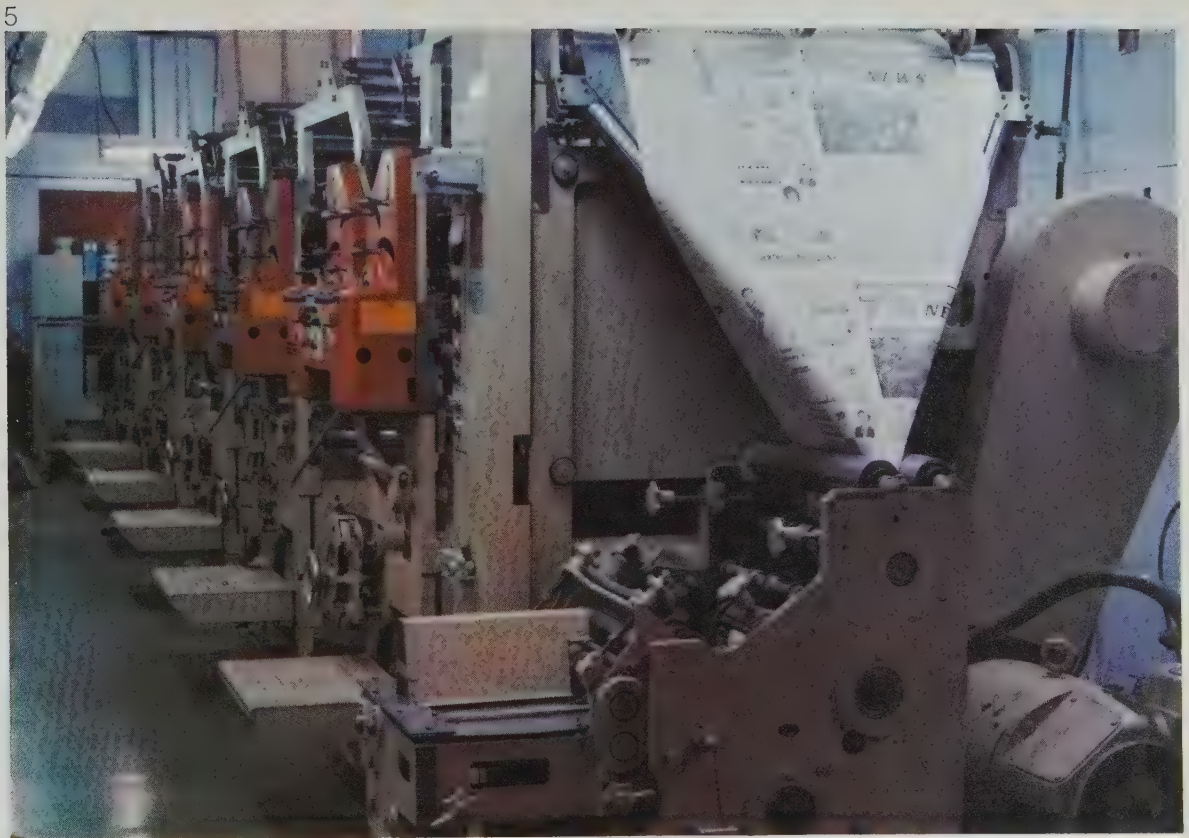


The enormous new web-offset press, photo 1, which is being readied for the fall opening of the Ottawa Citizen's new plant. It is the first of its kind in the world for use by a larger circulation daily newspaper. Its capacity will be up to 96 pages at the rate of 60,000 papers per hour. In contrast, the new web-offset press at the Medicine Hat News is shown in photo 5. It can produce papers up to 24 pages at the rate of 16,000 per hour. This press is specially designed for newspapers with smaller circulations.

Photos 2 and 3 show, respectively, the control panel and web press at one of our printing plants.

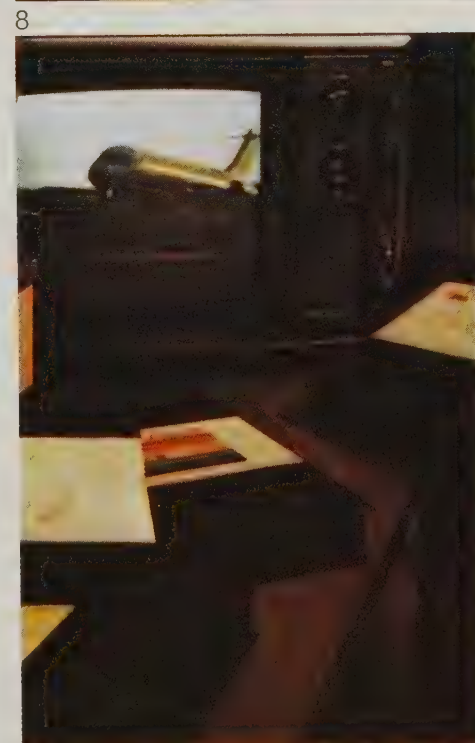
Every day, Canadian Press sends photos by wire to papers across the country. Shown in photo 4 is one of the sending units. Complete photos can usually be transmitted to, and received by, Canadian papers from the Atlantic to the Pacific in about ten minutes.





Photos 6 and 7 cannot adequately show the magic of optical character recognition (OCR). This exciting new process permits a machine to read typewritten copy and convert it to punched tape suitable for computer conversion into type.

One of our smaller affiliates is Southam Videotel which, among other activities, produces video cassettes for commercial, industrial and personal use. With the right equipment, they can be played back over a home television set. The process is shown in use in photos 8 and 9.



Auditors' report

Thorne Gunn & Co.

To the Shareholders of
Southam Press Limited

We have examined the consolidated statement of financial position of Southam Press Limited and subsidiary companies as at December 31, 1972 and the consolidated statements of income, retained earnings and source and use of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1972 and the results of their operations and the source and use of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Thorne Gunn & Co.

Toronto, Canada
February 20, 1973

Chartered Accountants

Consolidated statement of income

(Thousands of dollars)

Year ended December 31		1972	Percentage change	1971
Revenue from operations	Newspapers	\$ 98,527		\$ 76,287
	Printing	43,235		35,521
	Business publications and shows	15,879		12,191
		157,641	+ 27.1	123,999
Costs and operating expenses	Salaries, wages and employee benefits	65,531		52,660
	Newsprint, paper and ink	31,476		25,006
	Other supplies and services	33,748		27,607
	Depreciation (note 6)	3,864		2,822
	Interest on long term debt	1,005		385
	Other interest	417		174
		136,041	+ 25.2	108,654
		21,600	+ 40.9	15,345
Equity in net earnings of companies 50 percent owned (note 4)		2,166		2,044
Income from other investments		793		665
		24,559	+ 36.0	18,054
Income taxes		10,579	+ 33.4	7,933
Income before extraordinary item		13,980	+ 38.1	10,121
Gain (loss) on sale of publications, investments and surplus fixed assets (net)		(124)		593
Net income		\$ 13,856		\$ 10,714
	Income per common share before extraordinary item (note 10)	\$1.12		\$.82
	Net income per common share (note 10)	\$1.11		\$.86

Consolidated statement of retained earnings

(Thousands of dollars)

	Balance at beginning of year	\$ 21,992	\$ 30,598
	Add net income for the year	13,856	10,714
		35,848	41,312
Deduct	Dividends		
	Common shares — 52¢ per share (1971 37½¢ per share) based on number of shares outstanding after 4 for 1 stock split in 1972 (note 10)	6,448	4,650
	Preferred shares — 5 percent from date of issue on November 17, 1971	108	3
	Excess of cost of subsidiary companies and business publications acquired over values attributed to their net tangible assets (note 2)	299	14,667
		6,855	19,320
	Balance at end of year	\$ 28,993	\$ 21,992

Consolidated statement of financial position

(Thousands of dollars)

Southam Press Limited

(Incorporated under the laws of Canada)
and subsidiary companies

	December 31	1972	1971
Current assets			
Cash		\$ 917	\$ 1,030
Short term investments at cost (approximate market value)		80	536
Accounts receivable		20,361	15,589
Inventories (note 3)		6,117	5,377
Prepaid expenses		1,099	882
		28,574	23,414
Current liabilities	Deduct		
Bank advances		4,151	3,148
Notes payable		4,000	3,000
Accounts payable and accrued liabilities		12,240	10,087
Income taxes		3,176	1,310
Deferred revenue — subscription and rentals		1,766	1,699
Long term debt due within one year		261	231
		25,594	19,475
Working capital		2,980	3,939
	Add		
Investments			
Companies 50 percent owned (note 4)		7,203	7,586
Other investments at cost (note 5)		6,078	6,258
Fixed assets, less accumulated depreciation (note 6)		37,468	33,937
Advances — Employees' stock purchase loan plan		467	304
Capital employed		54,196	52,024
	Deduct		
Long term debt (note 7)		12,594	18,212
Deferred income taxes		2,444	1,655
		15,038	19,867
Shareholders' equity		\$39,158	\$32,157
	Derived from		
Capital stock (notes 9 and 10)			
Preferred shares — 5 percent cumulative, convertible, voting, redeemable at par value of \$100 each			
Authorized and issued — 21,600 shares		\$ 2,160	\$ 2,165
Common shares without nominal or par value			
Authorized — 16,000,000 shares			
Issued — 12,400,273 shares		8,005	8,000
Retained earnings		28,993	21,992
		\$39,158	\$32,157

Approved by the Board of Directors

St. Clair Balfour, Director

Gordon N. Fisher, Director

Notes to consolidated financial statements

December 31, 1972

1. Consolidation

The consolidated financial statements include the accounts of all subsidiaries. The company and its consolidated subsidiaries are referred to in these notes as "the company". The more substantial operating subsidiaries are Southam Printing Limited and Southam Business Publications Limited.

2. Subsidiaries Acquired

The company acquired all of the issued shares of several companies during 1972 and 1971. The major acquisitions were:

Canprint Holdings Limited	August 17, 1971
Preston & Sons Limited (Brantford Expositor)	November 15, 1971
Daily Commercial News Limited	November 17, 1971
Windsor Star Limited	November 23, 1971

	(Thousands of dollars)	1972	1971
Consideration paid	\$	264	\$21,105
Deduct value attributed to their tangible assets, less liabilities at acquisition dates		(35)	6,438
Excess cost written off to consolidated retained earnings	\$	299	\$14,667

The results of operations of these subsidiaries are included in the consolidated statement of income from the dates of acquisition of control.

	(Thousands of dollars)	1972	1971
Materials and supplies at the lower of cost and replacement cost	\$	3,210	\$ 2,946
Work in process at the lower of cost and net realizable value		2,907	2,431
	\$	6,117	\$ 5,377

4. Companies 50 Percent Owned

The company follows the practice of including in income its equity in net earnings of companies 50 percent owned and reflecting the investment in such companies at the book value of their underlying net tangible assets. The more substantial 50 percent owned companies are Pacific Press Limited and Southstar Publishers Limited.

	(Thousands of dollars)	1972	1971
Newspaper and publishing companies	\$	1,354	\$ 1,367
Radio and television companies		3,022	3,022
Mortgages receivable		1,605	1,658
Sundry investments		97	211
	\$	6,078	\$ 6,258

At December 31, 1972 significant interests in common shares of other companies (less than 50 percent owned) were as follows:

Companies	Percent interest in common shares
Newspaper and publishing companies	
Sun Publishing Company Limited (Brandon)	49
Kitchener-Waterloo Record Limited	48
The London Free Press Holdings Limited	25
Radio and television companies	
Selkirk Holdings Limited, A (non-voting)	38
Selkirk Holdings Limited, B (voting)	30
CKOY Limited (Ottawa)	38
Other companies	
Quality Records Limited	11

The company's equity in net earnings attributable to significant interests in common shares of other companies exceeds by \$1,566,000 the dividends received and included in 1972 income (1971 - \$959,000). At December 31, 1972 the company's equity in net tangible assets of these companies exceeds the value at which the investments are carried by \$5,676,000.

	(Thousands of dollars)	1972	1971
Land at not more than cost	\$	4,254	\$ 3,982
Buildings at cost		25,583	23,262
Machinery and equipment at cost		59,051	55,101
		88,888	82,345
Less accumulated depreciation		51,420	48,408
		\$37,468	\$33,937

Depreciation is provided on a straight line basis, generally using rates of 2½ percent per annum for buildings and 10 percent per annum for machinery and equipment.

	(Thousands of dollars)	1972	1971
Southam Press Limited			
Perpetual redeemable 5 percent debentures	\$	2,142	\$ 2,158
Subsidiary companies			
Notes payable to bank due annually to 1978		8,406	13,797
Debentures 6 percent due 1979		1,000	1,000
First mortgage 6½ percent bonds due 1974		660	820
Other		386	437
		\$12,594	\$18,212

Principal payable on long term debt amounts to \$261,000 in 1973 (which amount is shown with current liabilities), \$2,800,000 in 1974, \$2,327,000 in 1975, \$2,156,000 in 1976 and \$1,964,000 in 1977.

8. Commitments and Acquisition

Commitments for acquisition of fixed assets amounted to approximately \$5,700,000 at December 31, 1972. Subsequent to the year end, the company agreed to acquire all of the outstanding shares of Les Publications Eclair Ltée, publisher of TV Hebdo, for \$2,700,000.

9. Preferred Shares

All of the authorized 27,000 preferred shares were issued in 1971 at par value as consideration for shares of the Daily Commercial News Limited. Subsequently, in 1971, 5,350 shares were purchased for cancellation at par value and, in 1972, 50 shares were converted into 273 common shares, leaving 21,600 preferred shares authorized and issued at December 31, 1972.

The company may redeem the preferred shares at their par value on death of a holder, on transfer by a holder or after November 17, 1981. The holder may convert preferred shares into the greatest number of common shares having an aggregate market value at the time of such conversion which does not exceed the aggregate par value of the preferred shares converted.

10. Common Shares

On January 7, 1972 supplementary letters patent were obtained confirming a by-law subdividing the common shares without par value on a 4 for 1 basis. As a result, the number of authorized common shares was increased from 4,000,000 to 16,000,000 and the number of issued common shares was increased from 3,100,000 to 12,400,000. An additional 273 common shares were issued in 1972 on conversion of 50 preferred shares.

11. Directors and Officers

Remuneration of directors and officers of Southam Press Limited was as follows:

	(Thousands of dollars)	1972	1971
Number of directors		17	17
Aggregate remuneration of directors as directors	\$	47,000	\$ 42,000
Number of officers		36	27
Aggregate remuneration of officers as officers		\$1,213,000	\$944,000
Number of officers who are also directors		9	8
At December 31, 1972 loans receivable from officers of the company amounted to \$91,000.			

Consolidated statement of source and use of funds

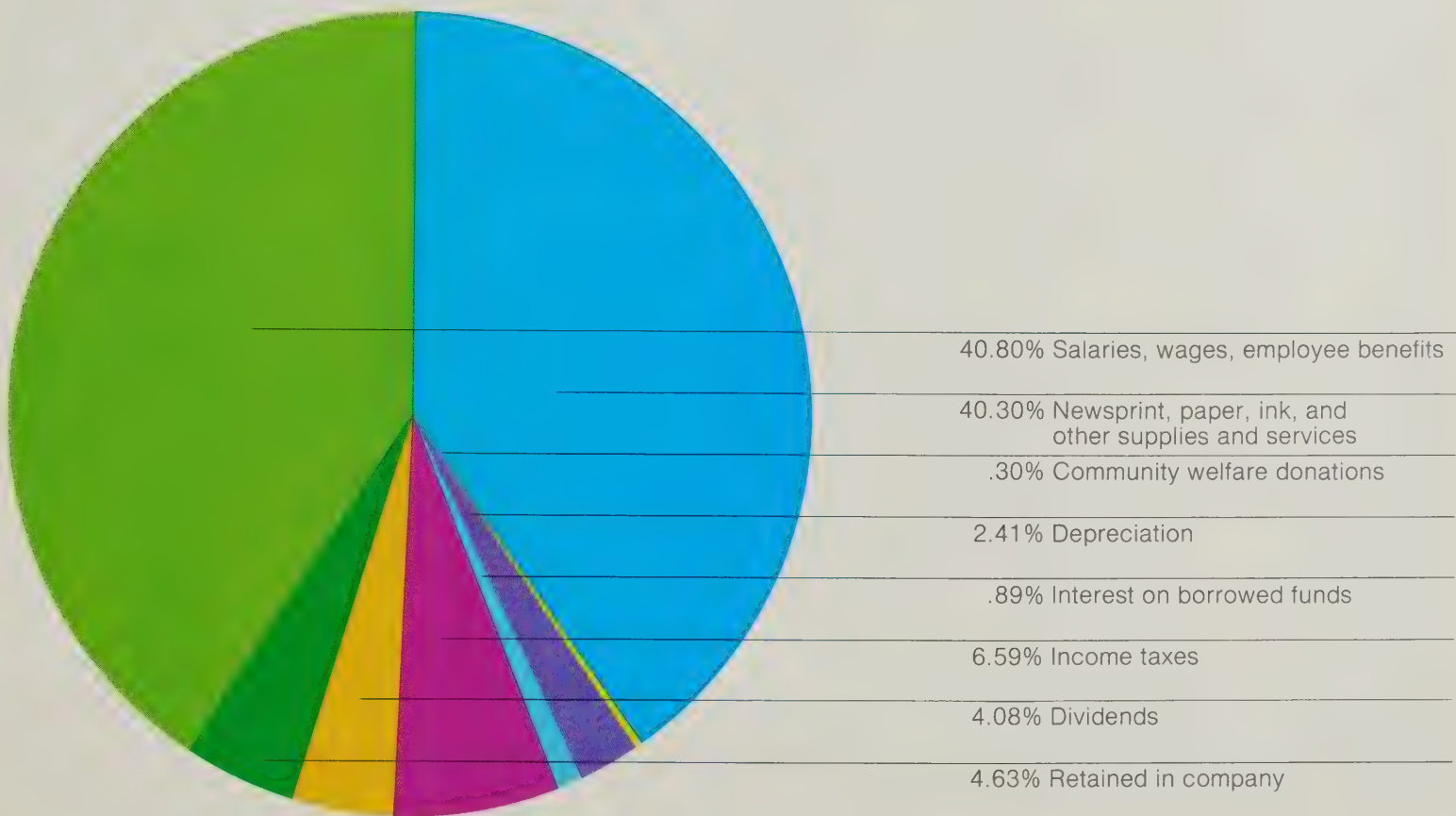
(Thousands of dollars)

		Year ended December 31	1972	1971
Source of funds	From operations			
	Net income for the year		\$13,856	\$10,714
	Add (deduct) non-cash items			
	Depreciation charged against income		3,864	2,822
	Deferred income taxes		789	480
	Increase in equity of companies 50 percent owned in excess of dividends received		(977)	(705)
			17,532	13,311
	Investments realized		1,860	1,940
	Long term borrowing		—	13,779
	Issue of preferred shares		—	2,700
	Working capital (deficiency) of subsidiaries and business publications acquired		(24)	1,460
			19,368	33,190
Use of funds	Dividends		6,556	4,653
	Additions to fixed assets, net		7,387	5,619
	Long term debt repaid or currently payable		5,618	1,124
	Investments acquired		320	1,163
	Purchase for cancellation of preferred shares		—	535
	Acquisition of subsidiaries and business publications		264	21,105
	Increase (decrease) in advances under employees' stock purchase loan plan, net		163	(51)
	Other minor items		19	—
			20,327	34,148
	Decrease in working capital		959	958
	Working capital at beginning of year		3,939	4,897
			\$ 2,980	\$ 3,939

Disposition of revenue

(Thousands of dollars)

	1972		1971	
Gross revenue	\$160,600	100.00%	\$126,708	100.00%
Salaries and wages	61,205	38.11	49,438	39.02
Employee benefits	4,326	2.69	3,222	2.54
Newsprint, paper and ink	31,476	19.60	25,006	19.74
Other supplies and services	33,269	20.70	27,192	21.46
Community welfare donations	479	.30	415	.33
Depreciation	3,864	2.41	2,822	2.23
Interest on borrowed funds	1,422	.89	559	.44
Income taxes	10,579	6.59	7,933	6.26
Dividends	6,556	4.08	4,653	3.67
Retained in company	7,424	4.63	5,468	4.31
	\$160,600	100.00%	\$126,708	100.00%



Ten-year comparative summary

(Thousands of dollars)

		1963	1964
Income	Revenue from operations	\$ 43,083	48,874
	Income from investments	\$ 1,182	1,109
	Costs and operating expenses	\$ 35,007	39,638
	Interest on borrowed funds	\$ 214	177
	Depreciation	\$ 1,072	1,336
	Income taxes	\$ 3,710	4,108
	Income before capital profit (loss)	\$ 4,262	4,724
	Income before capital profit (loss) as a percent of revenue	% 9.63	9.45
	†Capital profit (loss)	\$ 286	—
	Net income	\$ 4,548	4,724
	Net income per share	\$.38	.39
	Dividends paid	\$ 3,450	3,450
	Dividends per share	¢ 28¾	28¾
	Percent income distributed	% 75.8	73.0
Financial Position	Current assets	\$ 10,202	9,205
	Current liabilities	\$ 5,736	7,108
	Working capital	\$ 4,466	2,097
	Investments	\$ 8,715	7,632
	Fixed assets – gross	\$ 24,344	36,346
	Accumulated depreciation	\$ 14,108	21,041
	Other assets	\$ —	—
	Long term debt	\$ 3,186	4,024
	Deferred income taxes	\$ 135	642
	Capital stock: 5 percent cumulative, redeemable, convertible, voting, preferred shares	\$ —	—
	common	\$ 3,000	3,000
	Retained earnings	\$ 17,096	17,368
	Equity per common share	\$ 1.68	1.70
Statistics	Advertising lineage – newspapers (1,000s)	117,210	122,528
	Advertising pages – magazines (1,000s)	10	15
	Newspaper pages (1,000s)	88	91
	Magazine pages (1,000s)	21	30
	Daily newspaper circulation – December (1,000s)	506	513
	Tons of newsprint used (1,000s)	50	53
	Employees	2,813	3,649
	Salaries and wages paid	\$ 15,023	17,135
	Employee benefits	\$ 1,009	1,091
	Improvement to plant	\$ 2,314	2,999
	Shareholders	2,429	2,499
	Price range per common share	\$9.09-7.25	8.50-6.75

*Equity in net earnings of 50 percent owned companies included in income

†Gain (loss) on sale of publications, investments or surplus fixed assets

1965	*1966	*1967	*1968	*1969	*1970	*1971	*1972
62,954	67,560	73,843	78,487	104,765	110,761	123,999	157,641
1,099	1,793	2,340	2,618	2,855	1,831	2,709	2,959
51,263	55,982	62,218	65,067	89,195	94,620	105,273	130,755
221	260	347	226	463	478	559	1,422
1,934	2,175	2,217	2,151	2,846	2,685	2,822	3,864
5,126	4,818	4,945	6,141	6,595	6,973	7,933	10,579
5,509	6,118	6,456	7,520	8,521	7,836	10,121	13,980
8.60	8.82	8.47	9.27	7.92	6.96	8.00	8.70
1,337	218	—	—	(451)	—	593	(124)
6,846	6,336	6,456	7,520	8,070	7,836	10,714	13,856
.57	.53	.54	.62	.65	.63	.86	1.11
3,600	3,600	3,600	4,050	4,185	4,185	4,653	6,556
30	30	30	33¾	33¾	33¾	37½	52
52.6	56.8	55.8	53.9	51.9	53.4	43.4	47.3
11,134	12,028	11,762	14,763	16,201	16,961	23,414	28,574
7,994	9,037	7,482	9,580	11,575	12,064	19,475	25,594
3,140	2,991	4,280	5,183	4,626	4,897	3,939	2,980
7,928	9,912	11,384	12,979	13,752	13,809	13,844	13,281
39,915	42,793	44,847	46,146	59,420	63,998	82,345	88,888
22,907	24,066	26,069	27,937	36,903	39,051	48,408	51,420
120	531	501	183	370	355	304	467
3,954	4,048	3,854	2,648	4,327	4,335	18,212	12,594
1,077	1,515	1,635	1,373	1,013	1,075	1,655	2,444
—	—	—	—	—	—	2,165	2,160
3,000	3,000	3,000	3,000	8,000	8,000	8,000	8,005
20,165	23,598	26,454	29,533	27,925	30,598	21,992	28,993
1.93	2.22	2.46	2.71	2.90	3.11	2.42	2.98
130,667	135,391	137,107	142,136	185,444	186,670	197,861	250,103
19	19	19	17	17	16	18	21
96	105	107	110	146	147	152	171
38	39	38	34	31	32	37	50
521	531	550	563	742	748	878	900
57	58	62	65	87	87	89	110
3,777	3,903	4,042	4,032	5,152	5,182	6,136	6,391
22,864	24,959	28,256	29,969	41,179	44,284	49,438	61,205
1,298	1,293	1,667	1,786	2,579	2,720	3,222	4,326
3,398	3,889	2,268	1,492	3,349	5,057	5,619	7,387
2,673	2,714	2,662	2,626	2,855	2,763	2,689	3,524
10.00-8.25	10.50-7.75	12.75-8.00	16.00-9.69	16.88-1375	16.25-10.75	18.59-13.50	31.50-17.75

Directors and officers



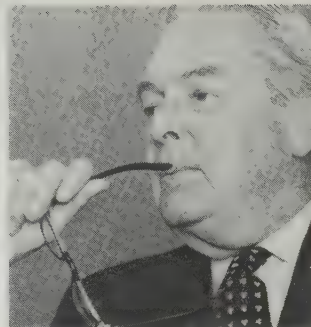
Peter O'Brian



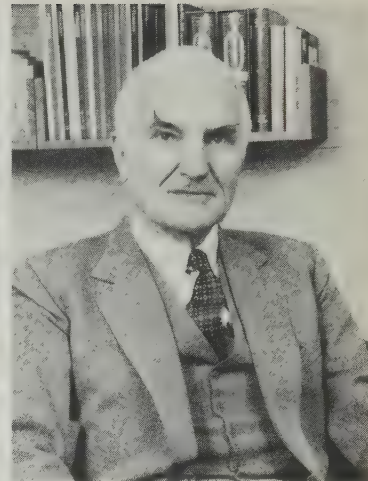
Gordon N. Fisher



W. W. Southam, P.Eng.



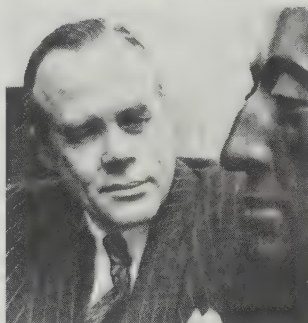
Gordon T. Southam



St. Clair Balfour



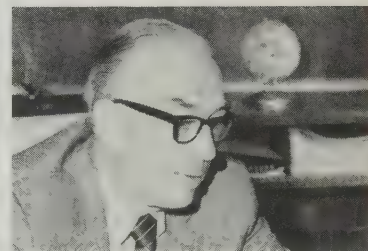
Michael A. Harrison



G. Hamilton Southam



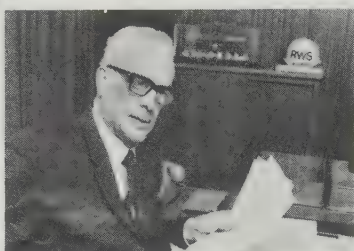
Colin S. Glassco



Fred S. Auger



John D. Muir



R. W. Southam



Charles H. Peters



Edgar M. Pritchard



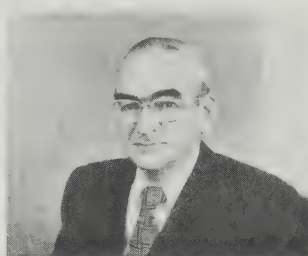
George L. Crawford, QC



Ross Munro, OBE



Wilson J. Southam



John S. Ward



William J. Carradine



J. Jacques Pigott, P.Eng.



B. B. Osler, QC



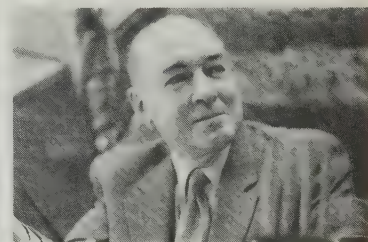
Aubrey Joel



Mark Farrell



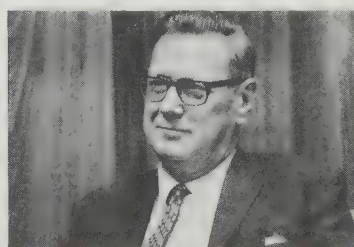
Adam H. Zimmerman, CA



John F. Grainger



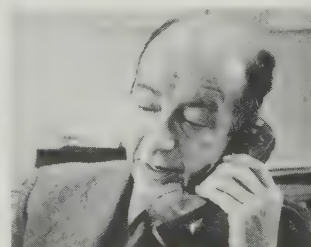
Paddy Sherman



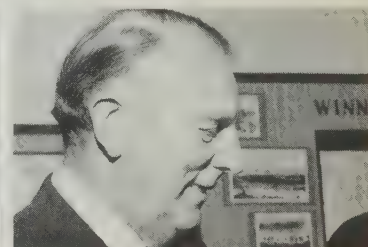
Frank G. Swanson



L. John Rothwell, P.Eng.



Brian H. Shelley, CA



A. Ronald Williams

St. Clair Balfour
Elected director 1953.
Born Hamilton, 1910. BA
(Toronto). Joined The Hamilton
Spectator 1931; publisher 1951;
vice-president and managing
director, Southam Press 1954;
president 1961. Past president,
The Canadian Press; president,
Canadian Heart Foundation.

Gordon N. Fisher
Elected director 1967.
Born Montreal, 1928. B.Eng.
(McGill). Joined head office
of Southam Press Limited as
executive assistant 1958;
assistant to the president 1962;
vice-president 1965; vice-
president and managing
director 1969. Director, Canada
Studies Foundation, Canadian
Daily Newspaper Publishers
Association. Member, Governing
Council, University of Toronto.

Fred S. Auger
Elected director, 1954.
Born Calgary 1907. Publisher
The Winnipeg Tribune, 1951.
Previously director of
advertising, Procter & Gamble.
Publisher The Vancouver Prov-
ince 1959-1972. Past president,
Canadian Daily Newspaper
Publishers Association.
Governor, Vancouver Aquarium.
Director, B.C. Waterfowl Society,
Ducks Unlimited and Van-
couver General Hospital.

William J. Carradine
Born Smooth Rock Falls,
Ontario, 1929. BA journalism,
MBA (Western). Procter &
Gamble 1954-1968. Vice-presi-
dent and general manager,
London Free Press, 1968.
Joined Southam head office as
vice-president, 1972.

George L. Crawford, QC
Elected director 1959.
Born Edmonton 1915. Called to
Alberta Bar in 1939. President,
Calgary Exhibition and Stam-
pede. Director of a number of
Canadian companies.

Mark Farrell
Born Montreal 1913. B.Com.
(McGill). McDonald Currie & Co.
1936-1938; Canadian Forum
1938-1939; The Montreal Stand-
ard Publishing Co. Limited,
1939-1968, except for British Air
Commission, New York, 1941-
1944. Publisher, The Windsor
Star, 1969; vice-president,
Southam Press, 1972; publisher,
The Gazette, Montreal, 1972.

Colin S. Glassco
Elected director 1970.
Born Hamilton 1909. Joined
Southam Printing Limited as
vice-chairman and chief exec-
utive-officer 1969; chairman

1972. Previously vice-president
and general manager, Appleford
Division, Eddy Forest Products
Ltd. Life governor, Trinity Col-
lege School. Director of a
number of Canadian companies.

John F. Grainger
Born North Bay 1915. With
mechanical departments, The
North Bay Nugget and The
Sudbury Star 1929-1938.
Returned to The North Bay
Nugget 1939; publisher 1941;
president, North Bay Publish-
ing Company Limited 1948;
vice-president and publisher on
acquisition by Southam Press
Limited. Former member North
Bay City Council.

Michael A. Harrison
Born Toronto, 1930. BASc
(Toronto), DBA (London School
of Economics). Athlone Fellow
1956-1958; served with Glassco
Commission 1961 and Treasury
Board 1965. Joined the com-
pany as vice-president, broad-
casting, 1967; vice-president,
tele-information 1970; vice-
president, computers-communi-
cations, 1973; chairman, tele-
communications committee,
Canadian Manufacturers' Asso-
ciation; President, Council on
Drug Abuse.

Aubrey Joel
Elected director 1972.
Born Toronto, 1912. Joined
Hugh C. MacLean Publications
Limited 1957 as advertising
sales representative. Vice-
president and group publisher
1964 following acquisition by
Southam Press Limited;
president and managing direc-
tor, Southam Business Publica-
tions Limited 1969. Immediate
past president, Canadian
Business Press; chairman,
board of directors, Street Haven.

John D. Muir
Born London, Ontario, 1919.
B.Com. (Queen's). Joined The
Spectator as retail advertising
manager 1952; advertising sales
manager 1954; business man-
ager 1959; assistant publisher
1970; vice-president and pub-
lisher 1971. President-elect,
Canadian Daily Newspaper
Publishers Association; director,
Canadian Press and YMCA.

Ross Munro, OBE
Elected director 1968.
Born Ottawa, 1913. BA
(Toronto). Canadian Press staff
writer 1936-1948. Joined
Southam News Services 1948;
assistant to the publisher, The
Vancouver Province 1951; editor
1955; assistant publisher and
editor-in-chief 1957; publisher,
The Winnipeg Tribune 1959.

Publisher, The Canadian 1965.
Vice-president and publisher,
The Edmonton Journal 1968.
Director, The Canadian Press.

Peter O'Brian
Born Toronto, 1917. Graduate
of RAF College, England, 1937.
Served with RAF until 1959.
W. H. Smith & Son (Canada)
Ltd., 1960. Urwick, Currie
Limited, 1963. Joined Southam
Press Limited as assistant to the
president 1965; vice-president,
personnel 1967. Governor,
Trinity College School.

J. Patrick O'Callaghan
Born County Cork, Ireland,
1925. Various British news-
papers, 1947-1959, Red Deer
(Alberta) Advocate 1959-1968.
Joined The Edmonton Journal
as assistant to the publisher,
1968; executive editor, Southam
News Services 1969; executive
assistant, head office 1971;
vice-president and publisher
The Windsor Star 1972.

B. B. Osler, QC
Elected director 1956.
Born Ottawa, 1904. Graduate
RMC of Canada. Partner, law
firm, Blake, Cassels & Graydon
since 1933. Director of a num-
ber of Canadian companies.

Charles H. Peters
Elected director 1969.
Born Montreal, 1907. BA
(McGill). Joined The Gazette,
Montreal 1929; president 1956,
to retirement in 1972. Past
president, The Canadian Press,
the Graduates Society of McGill
University. Vice-president,
Montreal General Hospital;
director, Montreal Joint Hospital
Institute.

J. Jacques Pigott, P.Eng.
Elected director 1962.
Born Detroit, Mich., 1916. BSc
(Toronto). Joined Pigott Con-
struction Company Limited in
1946 becoming executive
vice-president of that company
in 1956. Director of a number of
Canadian companies.

Edgar M. Pritchard
Born Harrogate, England, 1910.
Director manufacturing, Con-
solidated Press Limited, 1951;
general manager, Council of
Printing Industries, 1958. Vice-
president and managing
director, Southam Printing
Limited, 1961; president, 1969;
president and chief executive
officer, 1972. Canadian vice-
president, Graphic Arts Tech-
nical Foundation. Treasurer,
National Scholarship Trust Fund.

L. John Rothwell, P.Eng.
Born Margate, England, 1927.

Fellow of the Institution of
Mechanical Engineers, London,
England. Joined the company
as vice-president, Engineering
& Production, 1972. Previously
North American president and
a director of Crabtree-Vickers
Ltd., manufacturers of printing
equipment. Member of the
Council, British Canadian
Trade Association.

Brian H. Shelley, CA
Born Manchester, England,
1917. McDonald, Currie & Co.,
Toronto 1947, Brazilian Traction,
Light & Power Company Limited,
Sao Paulo, Brazil 1950. Ap-
pointed secretary-treasurer
Southam Press Limited,
1957; vice-president, finance,
and secretary, 1971; director,
Institute of Newspaper
Controllers & Finance Officers.

Paddy Sherman
Born Newport, England, 1928.
Various British newspapers
1947-1952. Joined The Prov-
ince, Vancouver, 1952; editor,
1965; vice-president and pub-
lisher, 1972. Founding director,
Mountain Rescue Group and
Outward Bound, Canada.
Author: Cloud Walkers (1965);
Bennett (1966).

G. Hamilton Southam
Elected director 1964.
Born Ottawa, 1916. BA
(Toronto). Joined The Times
of London 1945; The Ottawa
Citizen 1946. Joined Depart-
ment of External Affairs 1948;
Secretary of Legation, Stock-
holm, 1949-1953; Chargé
d'Affaires and later Ambassa-
dor, Warsaw, 1959-1962.
Coordinator, National Arts
Centre, Ottawa 1963; Director-
General 1967.

Gordon T. Southam
Elected director 1955.
Born Ottawa, 1910. Joined The
Ottawa Citizen 1930; The
Vancouver Province 1936.
President, Pioneer Envelopes
Ltd. 1955; director, MacMillan
Bloedel Limited and Eagle Star
Insurance Company of Canada.
President, G. F. Strong Reha-
bilitation Centre. Governor,
Trinity College School.

R. W. Southam
Elected director 1954.
Born Ottawa, 1914. BA
(Queen's), MSc (Columbia).
Joined The Ottawa Citizen
1937; managing editor 1946;
assistant publisher 1950; vice-
president and publisher 1953.
Past president, Canadian Daily
Newspaper Publishers Associa-
tion. Vice-chairman, board of
trustees, Queen's University;
member of corporation,

Bishop's University. Director,
American Newspaper Pub-
lishers' Association.

Wilson J. Southam
Elected director 1971.
Born Calgary, 1932. BA
(McGill), MA (Oxford). Reporter,
The Hamilton Spectator, 1960-
1963. Canadian Broadcasting
Corporation public affairs writer,
director, producer, 1963-1966.
President, Cox Systems.

W. W. Southam, P.Eng.
Elected director 1950.
Born Hamilton, 1908. BSc
(McGill). Joined The Vancouver
Province 1930; executive
assistant, head office 1945;
vice-president 1954, to retire-
ment in 1972. Member,
Engineering Institute of Canada,
Vancouver Board of Trade.

Frank G. Swanson
Elected director 1971.
Born Edmonton, 1917. BA
(Alberta), MSc (Columbia).
Joined The Edmonton Journal
1938; Southam London bureau
1945; The Ottawa Citizen 1948;
associate editor 1956; editor
1960; assistant publisher, The
Calgary Herald 1961; vice-
president and publisher 1962.
Director, The Canadian Press.
Associate director, Calgary
Exhibition and Stampede.

John S. Ward
Born Toronto, 1919.
MacLaren Advertising Company
Limited, 1946. Joined Toronto
office of Southam Newspapers
1948; assistant advertising
manager, The Edmonton
Journal 1950; advertising
director 1951; vice-president,
marketing, head office, 1960.

A. Ronald Williams
Born Tredegar, Wales, 1913.
Joined Vancouver Province as
assistant publisher in 1959;
vice-president and publisher,
The Winnipeg Tribune 1965.
Previously a reporter with
Toronto Globe; reporter and
later assistant city editor,
Toronto Star; senior editor,
Financial Post.

Adam H. Zimmerman, CA
Elected director 1970.
Born Toronto, 1927. BA
(Toronto). Joined Noranda
Mines Limited as assistant
comptroller 1958; comptroller
1961, vice-president 1966.
President, Northwood Mills Ltd.,
Northwood Pulp and Timber
Limited. Director of a number
of Canadian companies, and
Branksome Hall School. Trustee,
Hospital for Sick Children.

Directors and officers

Southam Press Limited

†°St. Clair Balfour,
president

†°§Gordon N. Fisher,
vice-president
and managing director

Michael Barkway,
publisher and editor
Financial Times of Canada

§William J. Carradine,
vice-president

W. R. Dane,
publisher
The Owen Sound Sun-Times

J. F. Evans,
publisher
The Prince George Citizen

Mark Farrell,
vice-president
and publisher
The Gazette, Montreal

*§Colin S. Glassco,
chairman of the board
Southam Printing Limited

J. F. Grainger,
vice-president
and publisher
The North Bay Nugget

§Michael A. Harrison,
vice-president
computers-communications

*§Aubrey Joel,
president
Southam Business
Publications Limited

I. C. MacDonald,
publisher and editor
The Medicine Hat News

John D. Muir,
vice-president
and publisher
The Spectator, Hamilton

†Ross Munro, OBE,
vice-president
and publisher
The Edmonton Journal

°Peter O'Brian,
vice-president
personnel

J. P. O'Callaghan,
vice-president
and publisher
The Windsor Star

L. J. Rothwell,
vice-president
engineering and production

°Brian H. Shelley, CA,
vice-president,
finance
and secretary

Paddy Sherman,
vice-president
and publisher
The Province,
Vancouver,
(published for
Pacific Press Limited)

†R. W. Southam,
vice-president
and publisher
The Ottawa Citizen

*F. G. Swanson,
vice-president
and publisher
The Calgary Herald

§John S. Ward,
vice-president,
marketing

E. H. Wheatley,
publisher
The Brantford Expositor

A. R. Williams,
vice-president
and publisher
The Winnipeg Tribune

†§George L. Crawford, QC,
Calgary, Alberta

†‡B. B. Osler, QC,
Toronto, Ontario

*C. H. Peters,
Montreal, Quebec

†‡J. Jacques Pigott,
Toronto, Ontario

*G. H. Southam,
Ottawa, Ontario

*Gordon T. Southam,
Vancouver, British Columbia

*W. W. Southam,
Vancouver, British Columbia

*Wilson J. H. Southam,
Aylmer East, Quebec

†°‡Adam H. Zimmerman, CA,
Toronto, Ontario

Southam Printing Limited

*Colin S. Glassco,
chairman of the board

*E. M. Pritchard,
president
and chief executive officer

*Frederick Best,
vice-president

John S. Crawford,
vice-president
and general manager
Gazette Canadian Printing
division

R. J. O'Connell,
vice-president
and general manager
Specialty and Business
Forms divisions

Frank Robins,
vice-president
and general manager
Southam Farwest Printing
division

Thomas J. Ryan,
vice-president
and general manager
Southam Murray division

°D. G. Scott, FCA,
secretary and treasurer

Donald R. Townsend,
vice-president
and general manager
Offset Print & Litho
division

*St. Clair Balfour,
Toronto, Ontario

*Gordon N. Fisher,
Toronto, Ontario

*K. A. Jones,
Toronto, Ontario

*John D. Murray,
Toronto, Ontario

*B. B. Osler, QC,
Toronto, Ontario

*J. Jacques Pigott,
Toronto, Ontario

Southam Business Publications Limited

*St. Clair Balfour,
chairman of the board

*James A. Daly,
vice-chairman

*Aubrey Joel,
president
and managing director

W. S. Barford,
vice-president

S. J. Cohen,
vice-president

G. W. Funston,
vice-president

°D. H. Jarrett, CA,
secretary and treasurer

E. V. Manser,
vice-president

C. Summerfield,
vice-president

*Gordon N. Fisher,
Toronto, Ontario

*B. B. Osler, QC,
Toronto, Ontario

*J. Jacques Pigott,
Toronto, Ontario

*Adam H. Zimmerman, CA,
Toronto, Ontario

Southam Press Limited

Head Office

321 Bloor Street East,
Toronto, Ontario M4W 1G9
(416) 925-2881

News bureaux

Southam News Services
Ottawa, Halifax, Quebec, Toronto, Vancouver,
Washington, London, Paris, Peking

Newspaper advertising offices

Toronto, Montreal, and representation in
Vancouver and London, England

Newspapers

The Gazette, Montreal
The Ottawa Citizen
The North Bay Nugget
The Spectator, Hamilton
The Brantford Expositor
The Owen Sound Sun-Times
The Windsor Star
The Winnipeg Tribune
The Medicine Hat News
The Edmonton Journal
The Calgary Herald
The Prince George Citizen
The Province, Vancouver
(published for Pacific Press Limited)
Financial Times of Canada, Montreal
News & Chronicle, Pointe Claire, Quebec

Wholly owned subsidiaries

Age Publishing Company Limited
 Apartment Data Centres Limited
 Autographic Business Forms Limited
 John Brown Publishing Associates Limited
 Canadian Mailings Limited
 Canprint Holdings Limited
 Daily Commercial News Limited
 Fullerton Weston Publishing Limited
 Gazette Canadian Printing Ltd.
 Journal of Commerce Limited
 Lakeshore News Limited
 Montreal Gazette Limited
 Murray Holdings Limited
 Murray Printing & Gravure Limited
 National Business Publications Limited
 News Print and Publishing Limited
 C. O. Nickle Publications Co. Ltd.
 Offset Print & Litho Limited
 Owen Sound Sun-Times Limited
 Preston and Sons Limited
 Les Publications Eclair Ltée
 Seccombe House Limited
 Grant Smedmor Limited
 Southam Business Publications Limited
 Southam Farwest Printing Limited
 Southam Leaseholds Limited
 Southam Printing Limited
 Southex (1970) Limited
 Whitehold Investments Limited
 Windsor Star Limited

Associated companies (50% owned)

Pacific Press Limited
 Pentacle VIII Productions Limited
 Southam Videotel Limited (75% owned)
 Southstar Publishers Limited
 Trans Canada Expositions Limited

Operating printing divisions

Southam Murray, Weston, Ontario
 Southam Business Forms, Candiac, Quebec
 Southam Specialty, Candiac, Quebec
 Gazette Canadian Printing, Montreal, Quebec
 Offset Print & Litho, Don Mills, Ontario
 Southam Farwest Printing, Burnaby, B.C.

Business publications – daily, weekly, monthly

Administrative Digest
 L'Agriculteur Progressif
 Architecture-Concept
 British Columbia Lumberman
 The Canadian Architect
 Canadian Chemical Processing
 Canadian Consulting Engineer
 Canadian Dairy Farmer
 Canadian Doctor
 Canadian Farm Equipment Dealer
 Canadian Forest Industries
 Canadian Industrial Equipment News
 Canadian Mining Journal
 Canadian Petroleum
 Canadian Plastics
 Canadian Transportation and Distribution Management
 Construction Checklist
 Construction West
 Daily Commercial News & Construction Record
 Daily Oil Bulletin
 Electrical Equipment News
 Electrical News & Engineering
 Electronics & Communications
 Engineering & Contract Record
 Equipment Finder
 Executive
 Furniture & Furnishings
 Génie-Construction
 Good Farming
 Heating, Plumbing & Air Conditioning
 Plomberie, Chauffage & Climatisation
 Hospital Administration in Canada
 Journal of Commerce
 Laboratory Product News
 Modern Medicine of Canada
 Médecine Moderne du Canada
 Opérations Forestières
 Oral Health
 Pulp & Paper Magazine of Canada
 Shoe & Leather Journal
 Shop
 Southam Building Guide
 Southam's Metalworking
 Water & Pollution Control
 Air Pollution in Canada
 Western Business & Industry

Other publications

Administrative Reference Manual
 L'Almanach Moderne
 British Columbia Lumberman's Greenbook
 The Canadian Architect Yearbook
 Canadian Forest Industries Directory
 Canadian Medical Directory
 Canadian Mining Manual
 Canadian Oil Register
 Canadian Plastics Directory & Buyers Guide
 Canadian Ports & Seaway Directory
 Canadian Shoemaking
 Chemical Buyers Guide
 La Collection Mini Poches
 Construction Industries Directory
 Dental Guide
 Electrical News & Engineering Guide
 Electronic Procurement Index of Canada
 L'Encyclopédie Artistique
 Farm Equipment Directory/Annuaire
 Génie-Construction Annuaire
 Heating, Plumbing & Air Conditioning Annual
 Plomberie, Chauffage et Climatisation Annuaire Guide de
 L'Acheteur
 Leather Life Daily
 National Interior Design Daily
 Operations Forestières
 Product Bulletin Directory
 Pulp & Paper Directory of Canada
 Pulp & Paper Manual of Canada
 T-V Hebdo
 Water & Pollution Control Directory
 Western Canada Directory
 Yardsticks for Costing

Services

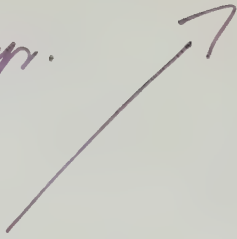
Action Mailers
 Adrep
 Apartment Directories of Metropolitan Toronto/Montreal
 CanaData
 Canadian Ad-Chart Services
 Canadian Mailings Limited
 Consumer Power Package
 Informex
 Marketing Communications
 Medical Marketing Systems
 Southam Building Reports
 Southam Business Book
 Southam Graphics
 Southam Marketing Research Services
 Southam Product Cards
 Southam Translation Services
 Trade Show Consultants
 Typesetting Services

Shows and exhibitions

Canadian Chemical & Process Equipment Exhibition
 Canadian Engineering Design Show
 Canadian Furniture & Floorcoverings Mart
 Canadian Mining & Aggregate Equipment Exhibition
 Canadian National Business Show, Toronto, Montreal
 Canadian Pool & Patio Show
 Canadian Western Farm & Ranch Show
 Forest Industries Equipment Exhibition
 International Electrical, Electronics Conference & Exposition
 Montreal Fall Gift Show
 Montreal Spring Gift Show
 National Home Show
 National Interior Design Show
 National Petroleum Show
 Pacific Education Show
 Pacific Industrial Equipment & Materials Handling Show
 Toronto Fall Gift Show
 Toronto Spring Gift Show
 Vancouver Home Show
 Western Construction Materials & Equipment Show

The company

business yr.



Southam Press Limited is a Canadian-owned company whose origins reach back almost to Confederation, beginning in 1877 when William Southam bought a half interest in The Hamilton Spectator. Between that date and 1927, when the family newspaper interests were reorganized as The Southam Publishing Company Limited, he and his six sons established or purchased seven other businesses. These were printing companies in Toronto (1881) and Montreal (1889) and newspapers, The Ottawa Citizen (1897), The Calgary Herald (1908), The Edmonton Journal (1912), The Winnipeg Tribune (1920) and The Vancouver Province (1923). A one-quarter interest in the London Free Press had also been bought.

William Southam in his earlier years had a substantial interest in other businesses but over the years the family hammered out a policy of concentrating on newspaper publishing and printing. In later years this was expanded to a broader range of communications, including magazines, radio and television.

Originally the Southam family was not the sole owner of these enterprises; but commencing in 1927 The Southam Publishing Company Limited acquired all the minority equity interests, issuing shares in payment therefor.

In 1938 the name was changed to The Southam Company Limited and in 1941 all the subsidiaries became divisions by transferring their assets to the parent company. Additional shares were issued in 1945 and made available to the public. In 1964 the company name was again changed, to Southam Press Limited.

After the war the company entered a new phase of expansion. This resulted in the acquisition of The Medicine Hat News (1948) and The North Bay Nugget (1956). Later acquisitions were Financial Times of Canada (1961), The Gazette, Montreal (1969), Owen Sound Sun-Times (1969), Prince George (B.C.) Citizen (1969), Brantford Expositor (1971), Windsor Star (1971). Also acquired during this period was a 47 percent interest in the Kitchener-Waterloo Record (1953), and a 49 percent interest in The Brandon Sun (1967). Pacific Press Limited, in which the company holds a 50 percent interest, was incorporated in 1957 to own the Vancouver Province and Vancouver Sun.

In 1965 Southstar Publishers Limited was formed in equal partnership with Toronto Star Limited to publish a weekly rotogravure magazine, The Canadian. It is distributed with Southam newspapers, the Toronto Star, the Star Weekly, the Regina Leader-Post, the Saskatoon Star-Phoenix and the London Free Press.

In 1958 the commercial printing operations of the company were incorporated in a subsidiary, Southam Printing Limited, with plants in Montreal, Toronto and Vancouver. In 1964, it purchased Murray Printing & Gravure Limited, the largest gravure printing plant in Canada. The operations of Murray and of the Toronto plant of Southam Printing were integrated in 1966 in expanded facilities at Weston, Ontario. In 1971, Canadian Printing & Lithographing Company Limited, Montreal, Farwest Lithograph Limited, Burnaby, B.C., and Offset Print & Litho Limited, Don Mills, Ontario were acquired. Canadian Printing and Gazette Printing were merged in 1972 under the name Gazette Canadian Printing Ltd.

In 1960 the company entered the field of business publications by buying a controlling interest in Hugh C. MacLean Publications Limited. Now wholly-owned it is called Southam Business Publications Limited. New magazines have been launched, others purchased and new services instituted. It publishes 70 periodical business and professional publications and produces 22 trade shows. In 1970, National Business Publications Limited was acquired. In 1971 further acquisitions included Seccombe House Limited, Canadian Mailings Limited, Daily Commercial News Limited and, in January 1972, the remaining 50 percent interest in C. O. Nickle Publications Co. Ltd.

Southam Press pioneered in radio and television in Canada, but in 1959 decided it should not operate or control stations in cities where it had a newspaper. Its investments have now been consolidated in substantial minority share-holdings in two independent broadcasting enterprises.

The company has established four basic policies which are intended to assure the objectivity of its publications:

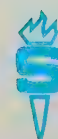
1. The company will have no financial interest in enterprises outside the communications field.
2. Officers of the company or its subsidiaries and senior publishing executives may not act as directors of other unrelated firms operated for profit unless the company has an interest in such firms to be served thereby.
3. The company's newspapers and magazines are operated under individual management and develop independent editorial policies. There is no "Southam" editorial policy.
4. Officers, editorial personnel and all other key employees of the company are expected to remain free from political and other outside activities when such activities might influence or appear to influence the editorial freedom or independence of any of the company's publications.

The map indicates the various Canadian cities where Southam Press and its subsidiaries have activities. Below are shown some 1972 statistics which provide a measure of the company's involvement in the various provinces.



	Employees	Payroll	Daily Newspaper Circulation	Business Paper Circulation	Newsprint and paper purchased	Shares Owned
British Columbia	178	\$ 1,467,579	(a) 131,247	53,087	\$ 466,344	504,571
Alberta	1,187	9,966,245	287,624	55,720	6,820,495	716,861
Manitoba	300	2,918,400	76,557	29,954	1,123,767	198,693
Ontario	3,389	33,665,654	377,740	209,193	16,227,543	7,959,487
Quebec	1,337	13,187,520	141,498	111,412	6,837,890	2,788,216
Other Provinces	—	—	—	79,446	—	57,159
Total in Canada	6,391	\$61,205,398	(a) 1,014,666	538,812	\$31,476,039	12,224,987

(a) includes Vancouver Province, 114,738



Southam Press Limited
Newspapers Magazines Printing

Cap report

SOUTHAM PRESS LIMITED

Interim
report

6

months
ended
June 30, 1972

AR21



TO THE SHAREHOLDERS,
SOUTHAM PRESS LIMITED.

Properties acquired in 1971 made a significant contribution to the net income of the company for the quarter and for the first six months as shown in the accompanying unaudited statements.

General business conditions continue to be favourable and advertising volume has reflected strong consumer demand. Newspaper circulations also showed steady growth.

There has been a recovery in the volume of industrial advertising in trade publications and by the end of the quarter, the operations of the printing company had returned to normal after the strike at the Southam Murray plant referred to previously.

The outlook for the third quarter is favourable although the rate of growth will be more difficult to maintain when measured against an active second half in 1971.

A contract has been let for an addition to the mechanical building of The Edmonton Journal.

The regular quarterly dividend has been increased to 15 cents per share payable September 28 to shareholders of record September 14.

Yours sincerely,

A handwritten signature in dark ink, appearing to read "Raymour", is written over the signature line.

TORONTO, CANADA.

July 25, 1972

President

Interim Consolidated Statement

of Income (not audited)

(Thousands of dollars except per share amounts)

3 months
ended
June 30

Revenue from operations:	
Newspapers.....	
Printing.....	
Trade publications and shows...	
Costs and operating expenses.....	
Depreciation.....	
Interest.....	
Equity in net earnings of companies at least 50 percent owned	
Income from other investments....	
Income taxes (estimated).....	
Net Income.....	
Net Income—per common share...	
Dividends paid—5 percent preferred shares.....	
Dividends paid—common shares...	
Dividends paid—per common share	

1972	Percentage Change	1971
\$26,043		\$19,425
9,855		8,498
4,095		3,031
39,993	+29.2	30,954
31,765		25,409
930		668
359		102
33,054	+26.3	26,179
6,939	+45.3	4,775
763		560
145		173
7,847	+42.5	5,508
3,424	+31.3	2,608
\$ 4,423	+52.5	\$ 2,900
35½¢		23½¢
\$ 27		\$ —
\$ 1,364		\$ 930
11¢		07½¢

6 months
ended
June 30

Revenue from operations:	
Newspapers.....	
Printing.....	
Trade publications and shows...	
Costs and operating expenses.....	
Depreciation.....	
Interest.....	
Equity in net earnings of companies at least 50 percent owned	
Income from other investments....	
Income Taxes (estimated).....	
Net Income.....	
Net Income—per common share...	
Dividends paid—5 percent preferred shares.....	
Dividends paid—common shares...	
Dividends paid—per common share	

1972	Percentage Change	1971
\$48,078		\$36,031
18,588		15,869
8,191		5,840
74,857	+29.6	57,740
62,206		48,854
1,822		1,369
691		207
64,719	+28.3	50,430
10,138	+38.7	7,310
1,168		955
277		321
11,583	+34.9	8,586
5,062	+27.6	3,968
\$ 6,521	+41.2	\$ 4,618
52¼¢		37¼¢
\$ 54		\$ —
\$ 2,728		\$ 1,860
22¢		15¢

Interim Consolidated Statement of Source and Use of Funds—(Thousands of dollars)

6 months
ended
June 30

	1972	1971
SOURCE OF FUNDS		
Funds derived from operations.....	\$ 7,930	\$ 6,113
Investments realized.....	1,150	1,272
Working capital of subsidiaries acquired.....	37	—
	<u>9,117</u>	<u>7,385</u>
 USE OF FUNDS		
Dividends paid.....	2,782	1,860
Additions to fixed assets, net.....	2,949	2,285
Investments acquired.....	220	57
Long term debt repaid or currently payable.....	5,273	1,127
Acquisition of subsidiaries.....	283	470
Other minor items.....	102	(31)
	<u>11,609</u>	<u>5,768</u>
 Increase (decrease) in working capital.....	<u>\$ (2,492)</u>	<u>\$ 1,617</u>

SOUTHAM PRESS LIMITED

Daily Newspapers

The Spectator, Hamilton
The Ottawa Citizen
The Calgary Herald
The Edmonton Journal
The Winnipeg Tribune
The Province, Vancouver
(Published for Pacific Press Limited)
The Medicine Hat News
The North Bay Nugget
The Gazette, Montreal
The Owen Sound Sun-Times
The Citizen, Prince George
The Brantford Expositor
The Windsor Star

Business Newspapers

Financial Times of Canada, Montreal, Que.
Journal of Commerce, Vancouver, B.C.
Daily Commercial News, Toronto, Ont.

Trade Publications and Shows

Southam Business Publications Limited,
Don Mills, Ont.
National Business Publications Limited,
Gardenvale, Que.
Seccombe House Limited, Don Mills, Ont.
Southex (1970) Limited, Don Mills Ont.
Grant Smedmor Limited, Don Mills, Ont.
Canadian Mailings Limited, Don Mills, Ont.
C.O. Nickle Publications Co. Ltd., Calgary, Alta.

Printing

Southam Murray, Weston, Ont.
Offset Print & Litho Limited, Don Mills, Ont.
Gazette Printing Company (Limited),
Montreal, Que.
Canadian Printing & Lithographing Company
Limited, Montreal, Que.
Southam Business Forms, Candiac, Que.
Southam Specialty Printing, Candiac, Que.
Southam Farwest Printing Limited, Burnaby, B.C.